

City of Detroit



CITY COUNCIL

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TO: The Honorable City Council

FROM: David Whitaker 
Julianne Pastula 

DATE: July 17, 2006

RE: **TAX STATUS OF PROPERTIES ON THE JULY 17TH DEMOLITION LIST**

At the Honorable City Council's request, the Research & Analysis Division (RAD) submits the following report in regard to the current tax status of structures from today's Dangerous Buildings hearing¹.

76% of the properties listed on the July 17th demolition list have tax issues. Out of 25 total properties listed, seven (7) have already been foreclosed. Seven (7) properties have forfeited taxes from the year 2004. These properties will be foreclosed upon in 2007 by the Wayne County Treasurer's Office, if the delinquent tax amounts are not paid. Four (4) of the listed properties have delinquent 2005 taxes. Taxpayers will incur additional fees and interest on the delinquent 2005 amount when it passes into the forfeiture stage during the 2007 tax cycle. These four properties will be foreclosed upon in 2008 if the outstanding taxes are not paid. Three (3) of the parcels are in the inventory of the Michigan Land Bank Fast Track Authority and are tax-exempt. The owners of the remaining four (4) parcels are current on their tax obligations². A breakdown of the addresses is included as an Attachment.

RAD also examined the tax status of the properties that were withdrawn from the demolition list by the Buildings & Safety Engineering Department. Of the fifteen (15) properties removed from the list: one (1) has been foreclosed; six (6) have been forfeited to Wayne County and will be foreclosed upon next year; three (3) have delinquent 2005 taxes and five (5) are current on their tax obligations³. Therefore, 67% of the properties there were withdrawn from the July 17th demolition list have outstanding tax issues. A breakdown of the addresses is included as an Attachment.

¹ For information relative to the foreclosure process and the impact of foreclosure on liens, please refer to RAD's report titled *Relationship Between City of Detroit Demolition Liens and the Wayne County Tax Foreclosure Process*, dated March 17, 2006.

² RAD could not locate tax information on two parcels. Therefore, these properties were not included in the computations as their tax status is unknown at this time.

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The primary functions of the demolition program are to reduce blight and remove dangerous structures within the City of Detroit. Weighing these important functions with expending city resources for demolition costs without the possibility to recoup the funds is also an important consideration. In examining the data sets from the July 17th and previous demolition lists, it appears that at least half of the properties listed are in some stage of the tax reversion process. Development of a mechanism for the County to assume the financial responsibility for the property should be explored so that the City is not allocating valuable resources to demolish properties that are under the control of the County or will be under the County's control in a short matter of time. Greater communication and cooperation between the Assessor's Office, the Law Department, the Department of Buildings & Safety Engineering and Wayne County officials is necessary to design and implement a plan to address the disproportionate amount paid by the City of Detroit to demolish structures compared to the tax amount the City receives from Wayne County when the property is foreclosed. A mechanism to hold property owners accountable for the demolition costs also needs to be implemented so that the City can recoup the cost of demolition in a systematic manner.

PROPERTIES ON THE JULY 17TH DEMOLITION LIST

Foreclosed:

14945 Dolphin
6073 Larkins
5849 Romeyn
13741 Syracuse
5706 Winslow
6122 Tarnow
14000 Lamphere

Forfeited 2004 taxes:

13471 Sunset
5693 Woodrow
4621 35th Street
4152 32nd Street
9694 Yellowstone
3549 Torrey Court
4050 Taylor Street

Delinquent 2005 taxes:

2352 Monterey Street
16515 Tuller Street
10055 Stahelin
16100 Puritan

**Owned by the Michigan Land Bank
Authority:**

19201 MacKay Street
6771 Stahelin
5927 Moran Street

Taxes current:

14267 Washburn Street
17208 Waltham
15376 Woodingham Drive
5026 Three Mile Drive

PROPERTIES REMOVED FROM THE JULY 17TH DEMOLITION LIST

Foreclosed:

14053 Pinewood

Forfeited 2004 taxes:

5950 Saint Hedwig
6769 Scotten
10831 Haverhill
17196 Salem
13539 Steel
7248 Prairie

Delinquent 2005 taxes:

1405 Taylor Street
5966 Maryland
4634 Junction

Taxes current:

4588 Military Street
10529 Duprey
5426 Tarnow Street
3418 John R
2218 Hazelwood